

# SENATE BILL 763

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By: **Senator Astle**

Introduced and read first time: February 10, 2010

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Sale of Cigarettes – Cost**

3 FOR the purpose of altering the definitions of “basic cost of cigarettes” and “cost to the  
4 wholesaler” in the Cigarette Sales Below Cost Act; and generally relating to the  
5 sale of cigarettes.

6 BY repealing and reenacting, with amendments,  
7 Article – Commercial Law  
8 Section 11–501(b) and (e)  
9 Annotated Code of Maryland  
10 (2005 Replacement Volume and 2009 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article – Commercial Law**

14 11–501.

15 (b) “Basic cost of cigarettes” means the lesser of the invoice cost or the  
16 replacement cost of cigarettes to the retailer or wholesaler; plus **THE ACTUAL COST**  
17 **OF** any in–freight charge to the wholesaler otherwise not included in the invoice cost  
18 or the replacement cost; plus, for the wholesaler, the full face value of any applicable  
19 Maryland cigarette tax payable by the wholesaler; minus any trade discount or  
20 discount for cash.

21 (e) (1) “Cost to the wholesaler”, subject to the special cost provisions of §  
22 11–503 of this subtitle, means the basic cost of cigarettes to a wholesaler, plus a  
23 markup to cover his cost of doing business, which cost of doing business:

24 (i) Includes the **ACTUAL** cartage cost to a retailer; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   (ii) In the absence of satisfactory proof of a lesser cost, is  
2 presumed to be 5 percent of the basic cost of cigarettes to him.

3                   (2) As to each carton of 200 cigarettes, a fractional part of a cent equal  
4 to one-tenth of a cent or more in the cost to the wholesaler shall be rounded off to the  
5 next higher cent.

6                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 October 1, 2010.